

AMENDED IN ASSEMBLY MAY 18, 2016

SENATE BILL

No. 923

Introduced by Senator Hernandez

January 28, 2016

An act to add Section 1374.255 to the Health and Safety Code, and to add Section 10199.49 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 923, as amended, Hernandez. Health care coverage: ~~cost sharing~~ *cost-sharing* changes.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits, except as specified, a health care service plan or a health insurer, with regard to a group contract or policy, from changing the premium rates or applicable copayments or coinsurances or deductibles during the term of a group plan contract or policy during specified time periods.

This bill would prohibit, for grandfathered plan contracts and policies and nongrandfathered plan contracts and policies in the individual and small group markets, a health care service plan contract or health insurance policy that is issued, amended, or renewed on or after January 1, 2017, from changing ~~any cost sharing requirements~~ *the cost-sharing design, as defined*, during the plan year or policy year, except when required by a change in state or federal law. Because a willful violation of this prohibition by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1374.255 is added to the Health and
2 Safety Code, to read:

3 1374.255. (a) This section shall apply to grandfathered health
4 care service plan contracts and nongrandfathered health care service
5 plan contracts in the individual or small group markets that are
6 issued, amended, or renewed on or after January 1, 2017.

7 (b) Notwithstanding paragraph (1) of subdivision (b) of Section
8 1374.20, a health care service plan contract shall not change ~~any~~
9 ~~cost-sharing requirements~~ *the cost-sharing design* during the plan
10 year, except when required by a change in state or federal law.

11 (c) For purposes of this section, the following definitions shall
12 apply:

13 (1) “Cost sharing” includes any copayment, coinsurance,
14 deductible, or any other form of cost sharing by the enrollee other
15 than the premium or share of premium.

16 (2) “Plan year” has the meaning set forth in Section 144.103 of
17 Title 45 of the Code of Federal Regulations. For nongrandfathered
18 health care service plan contracts in the individual market, “plan
19 year” means the calendar year.

20 (3) “*Cost-sharing design*” means the amount or proportion of
21 cost sharing applied to a covered benefit.

22 SEC. 2. Section 10199.49 is added to the Insurance Code,
23 immediately following Section 10199.48, to read:

24 10199.49. (a) This section shall apply to grandfathered health
25 insurance policies and nongrandfathered health insurance policies
26 in the individual or small group markets that are issued, amended,
27 or renewed on or after January 1, 2017.

28 (b) Notwithstanding paragraph (1) of subdivision (b) of Section
29 10199.48, a health insurance policy shall not change ~~any cost~~

1 ~~sharing requirements~~ *the cost-sharing design* during the policy
2 year, except when required by a change in state or federal law.

3 (c) For purposes of this section, the following definitions shall
4 apply:

5 (1) “Cost sharing” includes any copayment, coinsurance,
6 deductible, or any other form of cost sharing by the insured other
7 than the premium or share of premium.

8 (2) “Policy year” has the meaning set forth in Section 144.103
9 of Title 45 of the Code of Federal Regulations. For
10 nongrandfathered health insurance policies in the individual market,
11 “policy year” means the calendar year.

12 (3) “*Cost-sharing design*” means the amount or proportion of
13 cost sharing applied to a covered benefit.

14 SEC. 3. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.